

(S. B. 884)

(No. 81-2014)

(Approved July 2, 2014)

AN ACT

To create the “Promotion of Vehicles Primarily Propelled by Electric Power Act”, amend Section 3030.03 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” in order to promote the most efficient conservation of the natural resources, as well as the development and use thereof for the general welfare of the community by exempting all vehicles primarily propelled by electric power from the excise taxes, and by promoting the elimination of any kind of obstacle to the establishment of the infrastructure necessary to install and use charging stations for vehicles primarily propelled by electric power; and for other purposes.

STATEMENT OF MOTIVES

Article VI, Section 19 of the Constitution sets forth that it shall be the public policy of the Commonwealth of Puerto Rico “to conserve, develop, and use its natural resources in the most effective manner possible for the general welfare of the community.” For such purposes, one of the alternatives available to comply with this constitutional mandate is to promote the use of vehicles that are more efficient and to gradually move towards the use of less polluting vehicles, including those that generate no atmospheric emissions, in order to reduce environmental pollution.

Plug-in hybrid vehicles combine a conventional combustion engine with a rechargeable electric motor. These hybrid electric vehicles can be recharged by plugging them into a standard outlet, or into a home or commercial charging station provided for such purposes. On the other hand, electric vehicles are those which use electric power for propulsion and, therefore, introduce no emissions into the environment.

Together, these types of vehicles reduce air pollution, oil dependence, and the gas emissions which contribute to air pollution. Likewise, in addition to being eco-friendly, these vehicles with green technologies help consumers save a significant amount of money due to the ever higher efficiency they achieve.

Even though our tax laws do contain some incentives which consist of the partial refund or reimbursement of excise taxes when purchasing vehicles propelled by alternative or combined fuel, it is necessary to strengthen and dramatically improve the available mechanisms so that all of our citizens may acquire these vehicles. Plug-in hybrids and electric cars specifically have higher upfront costs than vehicles with conventional internal combustion engines due to technological reasons.

This legislation seeks to exempt any vehicles that are primarily propelled by electric power, which includes Plug-in Hybrids and electric vehicles, from excise taxes. This measure reaffirms the commitment of the Executive Branch and this Legislative Assembly to protect our natural resources to the fullest, and to ensure the development of renewable and sustainable energy on the Island. Likewise, a substantial reduction in the sales price of a vehicle propelled primarily by electric power is promoted, thus making them more accessible to consumers' budgets. In addition to the foregoing, this Act promotes the elimination of any obstacles to the establishment of the infrastructure necessary for the installation and use of charging stations for vehicles primarily propelled by electric power.

With the approval of this legislative measure, Puerto Ricans shall feel some relief in their pockets as they spend less on fuel consumption; thereby reducing pollution and climate change, and promoting energy autonomy.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Title of the Act

This Act shall be known as the “Promotion of Vehicles Primarily Propelled by Electric Power Act.”

Section 2.- Declaration of Public Policy

The Commonwealth of Puerto Rico is determined to promote the use and commercialization of vehicles propelled primarily by electric power in order to conserve, develop, and use its natural resources in the most effective manner possible for the general welfare of the community. In accordance with the foregoing, the Commonwealth of Puerto Rico promotes the elimination of any obstacles to the establishment of the infrastructure necessary for the installation and use of charging stations for vehicles primarily propelled by electric power.

Section 3.- Section 3030.03 of Act No.1-2011, as amended, is hereby amended to read as follows:

“Section 3030.03.- Excise Tax Refund and Exemption for Vehicles Propelled by Combined or Alternative Fuel

(a) Definitions. - For purposes of this Section, the following shall be treated as vehicles propelled by combined or alternative fuel:

(1) ...

(2) vehicles propelled primarily by electric power.- the following shall be considered as motor vehicles propelled by electric power:

(A) Plug-in Hybrids.- Those that combine a conventional combustion engine with a rechargeable electric motor that can be recharged by plugging it into a standard outlet, or a home or commercial charging station provided for such purposes.

(B) Electric.- Those that are propelled solely by electric power and which do not discharge any emissions into the environment;

(3) ...

...

(9) ...

(b) A refund for the excise taxes paid under this Subtitle shall be granted to motor vehicles propelled by combined or alternative fuel, as defined in subsection (a) of this Section, which are introduced into or manufactured in Puerto Rico, except for vehicles primarily propelled by electric power, which shall be exempt from the total amount of excise taxes, as provided in Subsection (f) of this Section.

(c) ...

(d) ...

(e) The refunds provided in this Section shall be granted as follows:

(1) A refund shall be granted for the total amount of excise taxes paid for conventional hybrid vehicles when the total amount of the excise tax is \$2,000 or less.

(2) The refund for conventional hybrid vehicles when the excise tax paid is greater than \$2,000 shall not exceed the following amounts:

a) ...

b) ...

c) ...

d) ...

(3) The incentives proposed in subsection (b) shall be available through June 30, 2016. As of said date, the Legislative Assembly shall conduct an evaluation on the effects these incentives have had, as well as their availability and desirability to determine whether they should be granted for additional terms.

(4) At the request of the buyer, the Department may transfer the refund established herein to the financial institution that financed the purchase of the vehicle at the request of the buyer.

(f) Full Exemption from Excise Taxes

(1) There shall be granted a full exemption from the payment of the excise tax imposed by this Subtitle on combined or alternative fuel vehicles, as defined in Subsection (a) of this Section, purchased by *bona fide* residents of the municipality of Culebra and the municipality of Vieques who dispose of their previous motor vehicles in an environmentally-friendly manner. The exemption granted under this Section shall be limited to the purchase of one automobile per year for personal use. For purposes of the exemption provided in this Section, it shall be understood as a *bona fide* resident any person who year-round resides in a principal residence located in the municipality of Culebra or in the municipality of Vieques. However, if the owner of the motor vehicle who is enjoying the exemption granted herein sells, transfers, or otherwise conveys the same, the new buyer shall be required to pay, prior to taking possession thereof, the excise tax resulting from the application of the table contained in Section 3020.08, taking as basis the taxable price over which the exemption was granted, minus the depreciation thereof. Before delivering the motor vehicle, the exempt person shall be responsible for requiring from the new buyer proof of payment of the excise tax.

(2) A full exemption from the excise tax imposed by this Subtitle shall be granted for vehicles primarily propelled by electric power, as defined in paragraph (2) of subsection (a) of this Section. Said exemption shall be available until the fiscal year in which, for the first time, ten percent (10%) of all automobiles imported into or manufactured in Puerto Rico are vehicles primarily propelled by electric power. Once the Secretary of the Treasury certifies the foregoing, the exemption provided in this paragraph shall cease to be in effect.

(g) ...

(h) ...”

Section 4.- Integration of Vehicles Primarily Propelled by Electric Power with Mass Transportation

When the number of vehicles primarily propelled by electric power reaches five percent (5%) of the total number of vehicles registered with the Department of Transportation and Public Works, the Commonwealth of Puerto Rico shall make feasible the installation of, at least, one charging station, in each station of the Urban Train that has a parking lot, for vehicles primarily propelled by electric power.

Section 5.- Installation of Charging Stations in Condominiums

(a) General Rule.- It shall be unlawful for any clause, condition, provision, arrangement, or understanding to restrict, limit, or otherwise prohibit the owner of an apartment from installing or using a charging station for vehicles primarily propelled by electric power on their individual parking space. In any case, the charging station to be installed shall comply with all the applicable provisions and permits.

(1) The Condominium Association may regulate the manner in which the installation, maintenance, and use of the charging stations shall be carried out. The conditions and restrictions set forth in said regulations shall be reasonable. For these purposes, the term “reasonable” shall mean that such a condition or restriction shall not diminish the efficiency or significantly increase the cost of installation and/or operation of a charging station for vehicles primarily propelled by electric power.

(b) Common Parking Spaces- The provisions of subsection (a) shall not apply when the parking space is considered a common element. The process for making alterations to the façade of the architectural design of a building provided in Act No. 104 of June 25, 1958, known as the “Condominiums Act,” shall be followed when planning to install a charging station in a common parking area.

(c) Violations of the Provisions of this Section- If the Condominium Association violates the provisions of this Section, it shall redress any damages to the affected party, and it may be subject to a penalty not to exceed one thousand dollars (\$1,000) payable to the Department of Consumer Affairs.

Section 6.- Severability Clause

If section or part of this Act were held to be null or unconstitutional, said holding shall not affect, impair, or invalidate the remainder of this Act. The effect of said holding shall be limited to the section or part thereof thus held to be null or unconstitutional

Section 7.- Effectiveness

This Act shall take effect on July 1, 2014.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 81-2014 (S. B. 884)** of the **3rd Regular Session** of the **17th Legislative Assembly of Puerto Rico**:

AN ACT to create the “Promotion of Vehicles Primarily Propelled by Electric Power Act”, amend Section 3030.03 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” in order to promote the most efficient conservation of the natural resources, as well as the development and use thereof for the general welfare of the community by exempting all vehicles primarily propelled by electric power from the excise taxes, and by promoting the elimination of any kind of obstacle to the establishment of the infrastructure necessary to install and use charging stations for vehicles primarily propelled by electric power; and for other purposes.

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, on this 26th day of June, 2019.

Orlando Pagán-Ramírez
Director